

STATE OF NEW JERSEY

Board of Public Utilities

Two Gateway Center

Newark, NJ 07102

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TELECOMMUNICATIONS

IN THE MATTER OF THE APPLICATION)
OF COMCAST BUSINESS)
COMMUNICATIONS, INC. AND MH)
LIGHTNET, INC. FOR APPROVAL OF)
THE TRANSFER OF CONTROL)

ORDER OF APPROVAL

DOCKET NO. TM02030148

(SERVICE LIST ATTACHED)

BY THE BOARD:

On March 1, 2002, Comcast Business Communications, Inc. (CBC) and MH Lightnet, Inc. (MH Lightnet and together with CBC, Petitioners), filed for Board approval for the transfer of control of their ultimate corporate parent, Comcast Corporation, (Comcast) and thus also the Comcast subsidiaries, to a new ultimate parent, AT&T Comcast Corporation (AT&T Comcast). Upon completion of the transaction, Comcast, and thus its subsidiaries, will be a wholly owned subsidiary of AT&T Comcast. The change in control does not involve a transfer of operating authority. Petitioners will continue to offer the same services it currently provides under the same terms, rates and conditions that it currently provides in the state.

BACKGROUND

CBC is a Pennsylvania corporation headquartered in Moorestown, New Jersey and is a wholly owned subsidiary of Comcast Business Communications Holdings, Inc., which, in turn is a wholly owned, indirect subsidiary of Comcast. CBC is authorized to provide intrastate interexchange service in the 48 continental United States, and local exchange service in nine states and the District of Columbia. In New Jersey CBC is authorized to provide local and interexchange telecommunications services. See Order I/M/O the Petition of Comcast Business Communications, Inc., for Authorization to Provide Local Exchange and interexchange Telecommunications Services throughout New Jersey, Docket No. TE00100789, dated February 15, 2001. Presently, CBC predominately serves business customers and a small number of residential customers. Comcast is a publicly traded Pennsylvania corporation located in Philadelphia, Pennsylvania. Comcast is one of the country's largest cable operators with systems in 26 states, serving 8.5 million customers. MH Lightnet is a Delaware corporation with its headquarters in Union, New Jersey, and is a wholly owned indirect subsidiary of Comcast. In New Jersey, MH Lightnet is authorized to provide dedicated point-to-point private line services. See Order I/M/O The Petition of MH Lightnet, Inc. for Approval of an Initial Tariff and Settlement Agreement, Docket No. TT91091495. In New Jersey, MH Lightnet provides private line services.

AT&T Comcast is a newly formed Pennsylvania corporation created for the purposes of the transaction. AT&T Comcast will be headquartered in Philadelphia, Pennsylvania. According to the petition, AT&T Comcast will be the publicly traded holding company for the business of Comcast and AT&T Broadband Corporation, a newly formed Delaware Corporation, to which AT&T Corp. will spin off its Broadband business. AT&T Broadband, which is headquartered in Englewood, Colorado, is the nation's largest provider of broadband services delivering cable, telephony and other services over a network that serves over one million customers.

According to the petition, Comcast and AT&T Corp. intend to implement a series of transactions to consummate the combination of their broadband businesses after receiving the necessary shareholder and governmental approvals. AT&T is first setting up a shell corporation, AT&T Broadband. AT&T will then distribute one share of AT&T Broadband common stock to each holder of record of a share of AT&T Corp. common stock. Following this spin-off, AT&T Broadband will merge with AT&T Broadband Acquisition Corp. (a wholly-owned shell subsidiary of AT&T Comcast) with AT&T Broadband as the surviving entity. Comcast then merges with Comcast Acquisition Corp. (a wholly-owned shell subsidiary of AT&T Comcast), with Comcast as the surviving entity. As a result of this, AT&T Comcast is then the parent of both AT&T Broadband and Comcast who are then considered sister subsidiaries. The pre-merger shareholders of AT&T Broadband and Comcast will receive shares of AT&T Comcast and their old shares will be cancelled. After the merger is consummated, existing AT&T shareholders will hold 53 percent of the economic interest and between 54 and 58 percent of the voting interest of AT&T Comcast; existing Comcast shareholders will hold 41 percent of the economic interest and between 3 and 7 percent of the voting interest of AT&T Comcast; and Brian L. Roberts will directly or indirectly hold 1 percent of the economic interest and 33 percent of the voting interest of AT&T Comcast. Brian L. Roberts is the current President of Comcast.

According to the petition, both CBC and MH Lightnet will continue to operate under the same names and operating authorities as present. The transactions involve no change in the entities providing service to customers, the facilities used to provide such service or the rates, terms and conditions of such service. CBC and MH Lightnet will continue to offer services under their respective tariffs, therefore the transaction will be transparent to customers. The petition also states that the petitioners' current management team and contact for customers will remain the same after the transfer.

Petitioners have indicated that they have obtained approval in 36 states and are awaiting approval in five states including New Jersey. No states have denied the transaction. CBC and MH Lightnet together employ approximately 260 individuals in New Jersey, about 5 of whom provide service in connection with MH Lightnet.

FINDINGS AND CONCLUSIONS

After a thorough review of the petition and all related documents, the Board believes that, with regard to the provision of service, there will be no negative impact on service to New Jersey customers. All services will continue to be provided to the Petitioners' New Jersey customers without interruption and pursuant to the same tariffs, contracts, rates, terms and conditions in existence prior to the transaction.

Accordingly, after careful review of this matter, the Board FINDS that the transaction will have no negative impact on competition, the rates of current customers, or on employees. The Board also FINDS that the transfer will have no negative impact on the provision of safe, adequate and proper service. Therefore, the Board, after investigation, having considered the record and exhibits submitted in this proceeding, FINDS that the transfer is in accordance with law and in

the public interest. The Board HEREBY APPROVES the request by Petitioners for this transaction.

DATED: 11/15/02

BOARD OF PUBLIC UTILITIES
BY:

(SIGNED)

JEANNE M. FOX
PRESIDENT

(SIGNED)

FREDERICK F. BUTLER
COMMISSIONER

(SIGNED)

CAROL J. MURPHY
COMMISSIONER

(SIGNED)

CONNIE O. HUGHES
COMMISSIONER

(SIGNED)

JACK ALTER
COMMISSIONER

ATTEST:

(SIGNED)
KRISTI IZZO
BOARD SECRETARY